IN THE UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF TEXAS

MARSHALL DIVISION

SMITH & NEPHEW, INC.,	§	
	§	
Plaintiff.	§	**CIVIL ACTION NO. 2:07-cv-00335-TJW**
	§	
v.	§	
	§	**JURY TRIAL DEMANDED**
ARTHREX, INC.,	§	
	§	
Defendant.	§	
	§	

JOINT JURY INSTRUCTION SUBMISSIONS

This document contains the proposed jury instructions of all parties, in the order in which they are to be read to the jury, as well as the proposed verdict forms of each party.

Where the parties agree to an instruction, it is referenced as "Joint Proposed Instruction No. __." Where one party submits an instruction and the other party opposes that instruction, the tendered instruction will be referenced as "X's Proposed Instruction No. __" and the opposing party's counter-proposed instruction is included on the page immediately following that instruction.

Both parties reserve the right to propose additional instructions as the need arises and to object to additional instructions proposed by their opponent.

Submission of an instruction on any particular issue, or inclusion of that issue in a party's proposed verdict form, should not be construed as an express or implied admission that such party will provide sufficient evidence to submit such issues to the jury at the close of all evidence. The parties reserve the right to move for judgment as a matter of law on any and all issues that would otherwise be determined by the jury.

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Signed with permission by Terry Osgood

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INSTRUCTIONS TO BE GIVEN BEFORE

THE ADMISSION OF EVIDENCE

Joint Proposed Instruction No. 1
(Opening Instructions -- Nature of Case, General Instructions)

We are about to begin the trial of the case about which you heard about during the jury selection. Before the trial begins, I am going to give you instructions that will help you to understand what will be presented to you and how you should conduct yourself during the trial.

During the trial you will hear me use a few terms that you may not have heard before. Let me briefly explain some of the most common to you. The party who brings a lawsuit is called the Plaintiff. The Plaintiff in this action is Smith & Nephew, Incorporated.

The party being sued is called the Defendant. In this action, the Defendant is Arthrex, Incorporated.

You will sometimes hear me refer to "counsel." "Counsel" is another way of saying "lawyer" or "attorney." I will sometimes refer to myself as the "Court."

When I "sustain" an objection, I am excluding that evidence from this trial for a good reason. When you hear that I have "overruled" an objection, I am permitting that evidence to be admitted.

When I say "admitted into evidence" or "received in to evidence," I mean that this particular statement or the particular exhibit may be considered by you in making the decisions you must make at the end of the case.

By your verdict you will decide disputed issues of fact. I will decide all questions of law that arise during the trial. Before you begin your deliberation at

the close of the case, I will instruct you in more detail on the law that you must follow and apply.

Because you will be asked to decide the facts of this case, you should give careful attention to the testimony and evidence presented. Keep in mind that I will instruct you at the end of the trial about determining the credibility or "believability" of the witnesses. During the trial you should keep an open mind and should not form or express any opinion about the case until you have heard all of the testimony and evidence, the lawyers' closing arguments, and my instructions to you on the law.

While the trial is in progress, you must not discuss the case in any manner among yourselves or with anyone else. In addition, you should not permit anyone to discuss the case in your presence. (You should avoid reading any news articles that might be published about the case. You should also avoid watching or listening to any television or radio comments about the trial.)

From time-to-time during the trial, I may make rulings on objections or motions made by the lawyers. It is a lawyer's duty to object when the other side offers testimony or other evidence that the lawyer believes is not admissible. You should not be unfair or partial against a lawyer or the lawyer's client because the lawyer has made objections. If I sustain or uphold an objection to a question that goes unanswered by the witness, you should not draw any inferences or conclusions from the question. You should not infer or conclude from any ruling

or other comment I may make that I have any opinions on the merits of the case favoring one side or the other. I do not favor one side or the other.

The trial lawyers are not allowed to speak with you during this case. When you see them at a recess or pass them in the halls and they do not speak to you, they are not being rude or unfriendly; they are simply following the law.

During the trial it may be necessary for me to talk with the lawyers out of your hearing about questions of law or procedure. Sometimes, you may be excused from the courtroom during theses discussions. I will try to limit these interruptions as much as possible, but you should remember the importance of the matter you are here to determine and should be patient even though the case may seem to go slowly.

Authority: O'Malley, Grenig & Lee, Federal Jury Practice & Instructions (5th Ed.) [hereafter "O'Malley, FJP&I"] § 101.01 (tailored, but not modified).

Joint Proposed Instruction No. 2
(Order of Trial)

The case will proceed as follows:

First, the lawyers for each party may make opening statements. What is said in the opening statements is not evidence, but is simply an outline to help you understand what each party expects the evidence to show. A party is not required to make an opening statement.

After the opening statements, the Plaintiff will present evidence in support of the Plaintiff's claims and the Defendant's lawyer may cross-examine the witnesses. At the conclusion of the Plaintiff's case, the Defendant may introduce evidence and the Plaintiff's lawyer may cross-examine the witnesses. The Defendant is not required to introduce any evidence or to call any witnesses. If the Defendant introduces evidence, the Plaintiff may then present rebuttal evidence.

After the evidence is presented, the parties' lawyers make closing arguments explaining what they believe the evidence has shown. What is said in the closing arguments is not evidence.

Finally, I will instruct you on the law that you are to apply in reaching your verdict. You will then decide the case.

Authority: O'Malley, FJP&I § 101.02 (tailored, but not modified).

Joint Proposed Instruction No. 3
(Province of Court and Jury)

After all the evidence has been heard and arguments and instructions are finished, you will meet to make your decision. You will determine the facts from all the testimony and other evidence that is presented. You are the sole and exclusive judge of the facts. I must stress that you are required to accept the rules of law that I give you, whether or not you agree with them.

The law permits me to comment on the evidence in the case during the trial or while instructing the jury. Such comments are only expressions of my opinion as to the facts. You may disregard these comments entirely, because you are to determine for yourself the weight of the evidence and the credibility of each of the witnesses.

Authority: O'Malley, FJP&I § 101.10.

Joint Proposed Instruction No. 4
(Jury Conduct)

To insure fairness, you must obey the following rules:

1. Do not talk to each other about this case or about anyone involved with this case until the end of the trial when you go to the jury room to decide on your verdict.

2. Do not talk with anyone else about this case or about anyone involved with this case until the trial has ended and you have been discharged as jurors. "Anyone else" includes members of your family and your friends. You may tell people you are a juror, but do not tell them anything else about the case.

3. Outside the courtroom, do not let anyone tell you anything about the case, or about anyone involved with it until the trial has ended. If someone should try to talk about the case during the trial, please report it to me immediately.

4. During the trial you should not talk with or speak to any of the parties, lawyers or witnesses involved in this case--you should not even pass the time of day with any of them. It is important not only that you do justice in this case, but that you also give the appearance of doing justice.

5. Do not read any news stories or articles about the case, or about anyone involved with it, or listen to any radio or television reports about the case or about anyone involved with it.

6. Do not do any research, such as checking the internet or dictionaries, or make any investigation about the case on your own.

7. Do not make up your mind during the trial about what the verdict should be. Keep an open mind until after you have gone to the jury room to decide the case and you and the other jurors have discussed all the evidence.

8. If you need to tell me something, simply give a signed note to the clerk to give to me.

Authority: O'Malley, FJP&I § 101.11. (modified by addition of "internet").

Joint Proposed Instruction No. 5
(Bench Conferences)

From time to time it may be necessary for me to talk to the lawyers out of your hearing. The purpose of these conferences is to decide how certain matters are to be treated under the rules of evidence. The lawyers and I will do what we can to limit the number and the length of these conferences.

Authority: O'Malley, FJP&I § 101.31.

Joint Proposed Instruction No. 6
(Evidence in the Case)

The evidence in the case will consist of the following:

1. **The sworn testimony of the witnesses, no matter who called a witness.**
2. **All exhibits received in evidence, regardless of who may have produced the exhibits.**
3. **Stipulations made by the lawyers.**

Depositions may also be received in evidence. Depositions contain sworn testimony, with the lawyers for each party being entitled to ask questions. In some cases, a deposition may be played for you on videotape. Deposition testimony may be accepted by you, subject to the same instructions that apply to witnesses testifying in open court.

Statements and arguments of the lawyers are not evidence in the case, unless made as an admission or stipulation of fact. A "stipulation" is an agreement between both sides that certain facts are true. When the lawyers on both sides stipulate or agree to the existence of a fact, you must, unless otherwise instructed, accept the stipulation as evidence, and regard that fact as proved.

If I sustain an objection to any evidence or if I order evidence stricken, that evidence must be entirely ignored.

Some evidence is admitted for a limited purpose only. When I instruct you that an item of evidence has been admitted for a limited purpose, you must consider it only for that limited purpose and for no other purpose.

You are to consider only the evidence in the case. But in your consideration of the evidence, you are not limited to the statements of the witnesses. In other words, you are not limited solely to what you see and hear as the witnesses testified. You may draw from the facts that you find have been proved, such reasonable inferences or conclusions as you feel are justified in light of your experience.

At the end of the trial, you will have to make your decision based on what you recall of the evidence. You will not have a written transcript to consult, and it is difficult and time consuming for the reporter to read back lengthy testimony. I urge you to pay close attention to the testimony as it is given.

Authority: O'Malley, FJP&I § 101.40. (deleted judicial notice and added stipulations).

Joint Proposed Instruction No. 7
(Credibility of Witnesses)

In deciding the facts, you may have to decide which testimony to believe and which testimony not to believe. You may believe everything a witness says, part of it, or none of it. In considering the testimony of any witness, you may take into account many factors, including the witness' opportunity and ability to see or hear or know the things the witness testified about; the quality of the witness' memory; the witness' appearance and manner while testifying; the witness' interest in the outcome of the case; any bias or prejudice the witness may have; other evidence that may have contradicted the witness' testimony; and the reasonableness of the witness' testimony in light of all the evidence. The weight of the evidence dos not necessarily depend upon the number of witnesses who testify.

Authority: O'Malley, FJP&I § 101.43.

Joint Proposed Instruction No. 8
(Judge's Comments to Lawyers)

It is my duty to caution or warn an attorney who does something that I believe is not in keeping with the rules of evidence or procedure. You are not to draw any inference against the side whom I caution or warn during the trial.

Authority: O'Malley, FJP&I § 102.70.

Joint Proposed Instruction No. 9
(1.1 What a Patent Is and How One Is Obtained)

This case involves a dispute over a United States patent. Before summarizing the positions of the parties and the legal issues involved in the dispute, I want to explain what a patent is and how one is obtained.

The United States Constitution grants Congress the powers to enact laws "to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries." Using this power, Congress enacted the patent laws.

Patents are granted by the United States Patent and Trademark Office (sometimes called "the PTO"). A valid United States patent gives the patent holder certain rights for 17 years from the date the patent issued. The patent holder may prevent others from making, using, offering to sell, or selling the patented invention within the United States, or from importing it into the United States without the patent holder's permission. A violation of the patent holder's rights is called infringement. The patent holder may try to enforce a patent against persons believed to be infringers by a lawsuit filed in federal court.

The process of obtaining a patent is called patent prosecution. To obtain a patent, one must file an application with the PTO. The PTO is an agency of the federal government and employs trained examiners who review applications for patents. The application includes a section called the "specification," which must contain a written description of the claimed invention telling what the invention is, how it works, and how to make and use it, in such full, clear, concise, and exact terms so that others skilled in the field will know how to make

and use it. The specification concludes with one or more numbered sentences. These are the patent "claims." If the patent is eventually granted by the PTO, the claims define the boundaries of its protection and give notice to the public of those boundaries. Claims can be independent or dependent. An independent claim is self-contained. A dependent claim refers back to an earlier claim and includes the requirements of the earlier claim.

After the applicant files a patent application, a PTO patent examiner reviews it to determine whether the claims are patentable and whether the specification adequately describes the invention claimed. In examining a patent application, the patent examiner may review "prior art." Prior art is defined by law, and, at a later time, I will give you specific instructions on what constitutes prior art. In general, though, prior art includes things that existed before the claimed invention, that were publicly known or used in this country, or that were patented or described in a publication in any country. The examiner considers, among other things, whether each claim defines an invention that is new, useful, and not obvious when compared with the prior art. A patent lists the prior art the examiner considered; this list is called the "cited references." The cited references include the prior art found by the examiner as well as any prior art submitted to the PTO by the applicant.

After the prior art search and examination of the application, the patent examiner then informs the applicant in writing what the examiner has found and whether any claim is patentable, and thus will be "allowed." This writing from the patent examiner is called an "office action." If the examiner rejects any of the

claims, the applicant then responds and sometimes changes the claims or submits new claims. This process, which takes place only between the examiner and the patent applicant, may go back and forth for some time until the examiner believes that the application and claims meet the requirements for a patent. The papers generated during this time of communicating back and forth between the patent examiner and the applicant make up what is called the "prosecution history." All of this material becomes available to the public no later than the date when the PTO grants the patent.

Just because the PTO grants a patent does not necessarily mean that any invention claimed in the patent is, in fact, legally entitled to the protection of a patent. One or more claims may, in fact, not be patentable under the law. A person accused of infringement has the right to argue here in federal court that a claimed invention in the patent is not entitled to patent protection because it does not meet the requirements for a patent. In other words, an accused infringer may defend a suit for patent infringement on the grounds that the patent is invalid.

Authority: National Patent Jury Instructions, (Preliminary Instructions, 1.1. What a Patent Is and How One Is Obtained).

Smith & Nephew Proposed Instruction No. 1
The Patents Involved In This Case

There are two Smith & Nephew patents at issue in this case: United States Patent No. 5,645,588 and United States Patent No. 5,306,301. Patents are offered referred to by the last three numbers of their patent number, so the parties and the Court will refer to them as the ‘588 patent and the ‘301 patent. Let’s look at the 588 as an example. The cover page of the patent identifies the date the patent was granted and patent number, as well as the inventor’s name, the filing date, and other information.

The next part of the patent is called the specification, and it begins with an abstract, also found on the cover page. The abstract is a brief statement about the subject matter of the invention. Next come the drawings. The written description of the invention appears next, and provides details about one or more examples of the invention, sometimes called “embodiments.” The inventor must provide at least one example or embodiment of how his or her invention works, but does not need to describe all possible examples or embodiments. The specification ends with numbered paragraphs. These are the patent claims, which define the invention. We will talk more about those later.

Authority: Adapted from National Patent Jury Instructions, (Preliminary Instructions, 1.2 The Patent Involved In This Case).

Arthrex Proposed Instruction No. 1
(1.2 The Patent Involved In This Case)

Let's take a moment to look at one of the patents in this case. The cover page of the patent identifies the date the patent was granted and patent number along the top, as well as the inventor's name, the filing date, and a list of the references considered in the PTO.

The specification of the patent begins with an abstract, also found on the cover page. The abstract is a brief statement about the subject matter of the invention. Next come the drawings. The drawings illustrate various aspects or features of the invention. The written description of the invention appears next and is organized into two columns on each page. The specification ends with numbered paragraphs. These are the patent claims.

Authority: National Patent Jury Instructions, (Preliminary Instructions, 1.2 The Patent Involved In This Case).

Smith & Nephew Proposed Instruction No. 2
The Positions Of The Parties

Smith & Nephew alleges that Arthrex has infringed claim 8 of the '588 patent by making a product called the Retrobutton that includes all of the requirements of that claim. Arthrex alleges that the asserted claim is not infringed and is invalid. You must decide whether claim 8 of the '588 patent has been infringed and whether that claim is invalid.

Smith & Nephew also alleges that Arthrex has infringed claims 1, 3, 4 and 7 of the '301 patent by instructing surgeons who purchase the Arthrex device to use a method that includes all of the requirements of those claims. Arthrex alleges that the asserted claims are not infringed and are also invalid. You must decide whether claims 1, 3, 4 and 7 of the '301 patent have been infringed and whether those claims are invalid.

If you decide that any claim of either the '301 or the '588 patent has been infringed and is valid, you will then need to decide what money damages, if any, are to be awarded to Smith & Nephew to compensate for that infringement.

You will also need to decide whether the infringement was willful. If you decide that any infringement was willful, that decision should not affect any damage award you give. I will take willfulness into account later in the proceedings.

I spoke earlier about the claims of the patent. It is my job as judge to determine the meaning of the language in any claim that needs interpretation.

You must accept the meanings I give you and use them when you decide whether any claim of the patent has been infringed and whether any claim is invalid.

Authority: Adapted from National Patent Jury Instructions, (Preliminary Instructions, 1.3 The Positions Of The Parties).

Arthrex Proposed Instruction No. 2
(1.3 The Positions Of The Parties)

To help you follow the evidence, I will now give you a summary of the positions of the parties. The parties in this case are Smith & Nephew, Inc. and Arthrex, Inc. There are two patents involved in this case. The first is United States Patent 5306301, which lists Ben Graf, Thomas Rosenberg, Joseph Sklar and Michael Ferragamo as the inventors. For convenience, the parties and I will often refer to this patent as the '301 patent. 301 are the last three digits of the patent number. The second patent at issue in this case is United States Patent 5645588, which lists same inventors. This patent will be referred to as the '588 patent, since these are the last three digits of this patent number.

Smith & Nephew alleges that Arthrex has indirectly infringed claims 1, 3, 4 and 7 of the '301 patent by instructing surgeons who purchase the Arthrex device to use a method that includes all of the requirements of those claims. Arthrex alleges that the asserted claims are not infringed and are also invalid. You must decide whether claims 1, 3, 4 and 7 of the '301 patent have been infringed and whether those claims are invalid.

Smith & Nephew also alleges that Arthrex has directly infringed claim 8 of the '588 patent by making a product that includes all of the requirements of that claim. Arthrex alleges that the asserted claim is not infringed and is also invalid.

You must decide whether claim 8 of the ‘588 patent has been infringed and whether that claim is invalid.

If you decide that any claim of either the ‘301 or the ‘588 patent has been infringed and is not invalid, you will then need to decide any money damages to be awarded to Smith & Nephew to compensate for that infringement.

You will also need to decide whether the infringement was willful. If you decide that any infringement was willful, that decision should not affect any damage award you give. I will take willfulness into account later in the proceedings.

It is my job as judge to determine the meaning of any claim language that needs interpretation. You must accept the meanings I give you and use them when you decide whether any claim of the patent has been infringed and whether any claim is invalid.

Authority: National Patent Jury Instructions, (Preliminary Instructions, 1.3 The Positions Of The Parties).

Joint Proposed Instruction No. 10
(1.4 Burden of Proof – Preponderance of the Evidence)

When a party has the burden of proof on any claim or defense by a preponderance of the evidence, it means the evidence must persuade you that the claim or defense is more probable than not.

You should base your decision on all of the evidence, regardless of which party presented it.

Authority: National Patent Jury Instructions, (Preliminary Instructions, 1.4 Burden of Proof – Preponderance Of the Evidence).

Joint Proposed Instruction No. 11
(1.5 Burden of Proof – Clear and Convincing Evidence)

When a party has the burden of proving any claim or defense by clear and convincing evidence, it means the evidence has persuaded you that the claim or defense is highly probable. Such evidence requires a higher standard of proof than proof by a preponderance of the evidence.

Again, you should base your decision on all of the evidence, regardless of which party presented it.

Authority: National Patent Jury Instructions, (Preliminary Instructions, 1.5 Burden of Proof – Clear and Convincing Evidence).

Joint Proposed Instruction No. 12
(1.6 Glossary of Patent and Technical Terms)

To assist you in your deliberations, I have attached a Glossary of Patent and Technical Terms **that identifies terms used in patent matters and gives you a definition of those terms**.

GLOSSARY OF PATENT TERMS

Application – The initial papers filed by the applicant with the United States Patent and Trademark Office (also called the Patent Office or PTO).

Claims – The numbered sentences appearing at the end of the patent that define the invention. The words of the claims define the scope of the patent holder's exclusive rights during the life of the patent. Claims can be independent or dependent. An independent claim is self-contained. A dependent claim refers back to an earlier claim and includes the requirements of the earlier claim.

File wrapper – Another term for the "prosecution history" defined later.

License – Permission to use or make the patented invention, or perform any of the other exclusive rights granted by the patent, which may be granted by a patent holder (or a prior licensee) in exchange for a fee called a "royalty" or other types of payment.

Office action – Communication from the patent examiner regarding the patent application.

Patent examiners – Personnel employed by the PTO who review (examine) patent applications, each in a specific technical area, to determine whether the claims of a patent application are patentable and whether the specification adequately describes and enables the claimed invention.

Prior art – Prior art is not art as one might generally understand the word art. Rather, prior art is a technical term relating to patents. In general, it includes things that existed before the claimed invention and might typically be a patent or a printed publication. It can also include something that was sold or used more than a year before the patent application was filed. I will give you a more specific definition of prior art later.

Prosecution history – The written record of proceedings between the applicant and the PTO, including the original patent application and later communications between the PTO and applicant.

Specification – The information that appears in the patent and concludes with one or more claims. The specification includes the written text and the drawings (if any). In the specification, the inventor should provide a description telling what the invention is, how it works, and how to make and use it so as to enable others skilled in the art to do so, and what the inventor believed at the time of filing to be the best way of making the invention.

Ordinary skill in the art – The level of experience, education, and/or training that those individuals who worked in the area of the invention ordinarily possessed at the time of the effective filing date of the patent application.

Authority: National Patent Jury Instructions, (Preliminary Instructions, 1.6 Glossary of Patent Terms).

INSTRUCTIONS TO BE GIVEN AFTER

THE ADMISSION OF EVIDENCE

Joint Proposed Instruction No. 13
(General Introduction)

Now that you have heard the evidence and the argument, it is my duty to instruct you about the applicable law. It is your duty to follow the law as I will state it and to apply it to the facts as you find them from the evidence in the case. Do not single out one instruction as stating the law, but consider the instructions as a whole. You are not to be concerned about the wisdom of any rule of law stated by me. You must follow and apply the law.

The lawyers have properly referred to some of the governing rules of law in their arguments. If there is any difference between the law stated by the lawyers and as stated in these instructions, you are governed by my instructions.

Nothing I say in these instructions indicates that I have any opinion about the facts. You, not I, have the duty to determine the facts.

You must perform your duties as jurors without bias or prejudice as to any party. The law does not permit you to be controlled by sympathy, prejudice or public opinion. All parties expect that you will carefully and impartially consider all of the evidence, follow the law as it is now being given to you, and reach a just verdict, regardless of the consequences.

Authority: O'Malley, FJP&I § 103.01.

Joint Proposed Instruction No. 14
(Opinion Evidence -- Expert Witness)

The rules of evidence ordinarily do not permit witnesses to testify as to opinions or conclusions. An exception to this rule exists for "expert witnesses." An expert witness is a person who, by education and experience has become expert in some art, science, profession, or calling. Expert witnesses may state their opinions as to matters in which they profess to be expert, and may also state their reasons for their opinions.

You should consider each expert opinion received in evidence in this case, and give it such weight as you think it deserves. If you decide that the opinion of an expert witness is not based upon sufficient education and experience, or if you should conclude that the reasons given in support of the opinion are not sound, or if you feel that it is outweighed by other evidence, you may disregard the opinion entirely.

Authority: O'Malley, FJP&I § 104.40.

Joint Proposed Instruction No. 15
(Number of Witnesses)

The weight of the evidence is not necessarily determined by the number of witnesses testifying to the existence or nonexistence of any fact. You may find that the testimony of a small number of witnesses as to any fact is more credible than the testimony of a larger number of witnesses to the contrary.

You are not bound to decide any issue of fact in accordance with the testimony of any number of witnesses that does not produce in your minds belief in the likelihood of truth, as against the testimony of a lesser number of witnesses or other evidence producing such belief in your minds.

The test is not which side brings the greater number of witnesses or takes the most time to present its evidence, but which witnesses and which evidence appeal to your minds as being most accurate and otherwise trustworthy.

Authority: O'Malley, FJP&I § 104.54.

Joint Proposed Instruction No. 16
(Impeachment -- Inconsistent Statements or Conduct)

A witness may be discredited or impeached by contradictory evidence; or by evidence that at some other time the witness has said or done something, or has failed to say or do something that is inconsistent with the witness' present testimony.

If you believe any witness has been impeached and thus discredited, you may give the testimony of that witness such credibility, if any, as you think it deserves.

If a witness is shown knowingly to have testified falsely about any material matter, you have a right to distrust such witness' other testimony and you may reject all the testimony of that witness or give it such credibility as you may think it deserves.

An act or omission is "knowingly" done, if voluntarily and intentionally, and not because of mistake or accident or other innocent reason.

Authority: O'Malley, FJP&I § 105.04.

Joint Proposed Instruction No. 17
(All Available Witnesses or Evidence Need Not Be Produced)

The law does not require any party to call as witnesses all persons who may have been present at any time or place involved in the case, or who may appear to have some knowledge of the matters in issue at this trial. Nor does the law require any party to produce as exhibits all papers and things mentioned in the evidence in the case.

Authority: O'Malley, FJP&I § 105.11.

Smith & Nephew Proposed Instruction No. 3
Contentions of The Parties

Smith & Nephew contends that Arthrex has infringed two separate patents. First, Smith & Nephew contends that Arthrex makes, uses, offers to sell, sells or imports a product that infringes, or has induced others to infringe, claim 8 of the '588 patent. Second, Smith & Nephew contends that Arthrex has encouraged surgeons to infringe claims 1, 3, 4, and 7 of the '301 patent in instructing them to use the RetroButton according to Arthrex's instructions.

Arthrex denies that it is infringing any claim of either patent. Arthrex also contends that the claims of both patents are invalid, because the patent applications were not filed within one year of the inventor publicly using and selling the claimed invention in surgeries.

Your job is to decide whether the asserted claims of the '301 patent and the '588 patent have been infringed and whether any of the asserted claims of the '301 patent and the '588 patent are invalid. If you decide that any claim of these patents has been infringed and is not invalid, you will then need to decide any money damages to be awarded to Smith & Nephew as compensation for the infringement. You will also need to decide whether the infringement was willful. If you decide that any infringement was willful, that decision should not affect any damage award you make. I will take willfulness into account later.

To prove infringement, Smith & Nephew must prove by a preponderance of the evidence that the RetroButton infringed the '301 patent or the '588 patent. To prove invalidity, Arthrex must prove by clear and convincing evidence that the asserted claims are invalid.

When a party, like Smith & Nephew, has the burden of proof on any claim or defense by a preponderance of the evidence, it means the evidence must persuade you that the claim or defense is more likely than not likely. If you think of it as scale, Smith & Nephew has the burden of tipping the scale, even slightly. When a party, like Arthrex, has the burden of proving any claim or defense by clear and convincing evidence, it means the evidence must persuade you that the claim or defense is highly probable. Proof by clear and convincing evidnece requires a higher standard of proof than proof by a preponderance of the evidence.

Authority: Adapted from National Patent Jury Instructions, (Final Instructions, 2.1 Contentions of the Parties).

Arthrex Proposed Instruction No. 3
(2.1 Contentions of The Parties)

Smith & Nephew contends that Arthrex has infringed two separate patents. Smith & Nephew first contends that surgeons infringe claims 1, 3, 4, and 7 of the '301 patent when they use the Arthrex product according to Arthrex's instructions.

Second, Smith & Nephew contends that Arthrex makes, uses, offers to sell, sells or imports a product that infringes claim 8 of the '588 patent.

Arthrex denies that it is infringing any claim of either patent. Arthrex also contends that the claims of both patents are invalid, because the patent applications were not filed within one year of the inventor publicly using and selling the claimed invention in surgeries.

Invalidity is a defense to infringement. Therefore, even though the PTO examiner has allowed the claims of the '301 patent and the '588 patent, you, the jury, must decide whether the claims of the '301 patent and the '588 patent are invalid.

Your job is to decide whether the asserted claims of the '301 patent and the '588 patent have been infringed and whether any of the asserted claims of the '301 patent and the '588 patent are invalid. If you decide that any claim of these patents has been infringed and is not invalid, you will then need to decide any money damages to be awarded to Smith & Nephew as compensation for the infringement. You will also need to decide whether the infringement was willful.

If you decide that any infringement was willful, that decision should not affect any damage award you make. I will take willfulness into account later.

Authority: National Patent Jury Instructions, (Final Instructions, 2.1 Contentions of the Parties) (minor modifications).

Arthrex Proposed Instruction No. 4
(3.1 Direct Infringement--Generally)

A patent claim may be directly infringed in two ways. A claim may be "literally" infringed or it may be infringed under the "doctrine of equivalents." I will now instruct you on the specific rules you must follow to determine whether Smith & Nephew has proven that Arthrex has infringed one or more of the patent claims involved in this case.

Authority: National Patent Jury Instructions, (Final Instructions, 3.1 Direct Infringement--Generally).

Smith & Nephew Proposed Instruction No. 4
Direct Infringement--Generally

A patent claim may be directly infringed in two ways. Smith & Nephew alleges that Arthrex infringes certain claims "literally." Smith & Nephew also asserts that Arthrex infringes certain claims under the "doctrine of equivalents."

To prove literal infringement of the '588 patent, Smith & Nephew must prove by a preponderance of the evidence that the RetroButton includes every requirement of claim 8. If Arthrex's product, the RetroButton, omits any requirement recited in the claim, Arthrex does not infringe that claim. To prove literal infringement of the '301 patent, Smith & Nephew must prove by a preponderance of the evidence that the use of Arthrex's product, the RetroButton, includes every requirement of the claim. If the use of Arthrex's product, the RetroButton, omits any requirement recited in the claim, Arthrex does not infringe that claim.

To prove infringement of the '588 patent under the "doctrine of equivalents," Smith & Nephew must prove by a preponderance of the evidence that every requirement of the claim is either literally present in Arthrex's product, the RetroButton, or that any difference between the claim requirement and the corresponding aspect of the RetroButton is insubstantial. If Arthrex's product, the RetroButton, omits any requirement recited in the claim, or if any difference between the claim requirement and a corresponding aspect of the RetroButton product is substantial, Arthrex does not infringe that claim.

To prove infringement of the ‘301 patent under the “doctrine of equivalents,” Smith & Nephew must prove by a preponderance of the evidence that every requirement of the claim is literally present in the use of Arthrex’s product, the RetroButton, or that any difference between the claim requirement and the corresponding aspect of the method is insubstantial. If the use of Arthrex’s product, the RetroButton, omits any requirement recited in the claim, or if any difference between the claim requirement and a corresponding aspect of the method is substantial, Arthrex does not infringe that claim.

Authority: Adapted from National Patent Jury Instructions, (Final Instructions, 3.1 Direct Infringement--Generally).

THE PARTIES DISAGREE OVER WHICH INSTRUCTION SHOULD COME NEXT IN THIS PACKAGE.

ARTHREX CONTENDS THAT THE NEXT INSTRUCTION SHOULD BE "DIRECT INFRINGEMENT—LITERAL INFRINGEMENT" (WHICH IS INCLUDED IN THE PACKAGE AS ARTHREX'S PROPOSED INSTRUCTION NO. 5).

SMITH & NEPHEW CONTENDS THAT THE NEXT INSTRUCTION SHOULD BE "DIRECT INFRINGEMENT—DOCTRINE OF EQUIVALENTS" (WHICH IS INCLUDED IN THIS PACKAGE AS SMITH & NEPHEW'S PROPOSED INSTRUCTION NO. 5)

Arthrex's Proposed Instruction No. 5
(3.2 Direct Infringement—Literal Infringement)

You must decide whether surgeons use a method covered by claims 1, 3, 4, and 7 of the '301 patent when using the Arthrex product according to Arthrex's instructions. You must compare each claim to the method instructed by Arthrex for the use of Arthrex's product to determine whether every requirement of the claim is included in the accused method.

To prove literal infringement, Smith & Nephew must prove that it is more probable than not that Arthrex's method includes every requirement in Smith & Nephew's patent claim. If Arthrex's method omits any requirement recited in Smith & Nephew's patent claim, Arthrex does not infringe that claim.

Because Smith & Nephew is also alleging infringement of a second patent, you must also decide whether Arthrex has made, used, sold, or offered for sale within the United States, or imported into the United States, a product covered by claim 8 of the '588 patent. You must compare each claim to Arthrex's product to determine whether every requirement of the claim is included in the accused product.

To prove literal infringement, Smith & Nephew must prove that it is more probable than not that Arthrex's product includes every requirement in Smith & Nephew's patent claim 8. If Arthrex's product omits any requirement recited in Smith & Nephew's patent claim 8, Arthrex does not infringe that claim.

For direct infringement of claim 8 of the '588 patent, Smith & Nephew is not required to prove that Arthrex intended to infringe or knew of the patent.

Authority: National Patent Jury Instructions, (Final Instructions, 3.2 Direct Infringement—Literal Infringement).

Smith & Nephew Proposed Instruction No. 5
Direct Infringement—Doctrine of Equivalents

If you find that the RetroButton product and method do not literally infringe a claim of an asserted patent, then you must determine whether the RetroButton product and method infringe that claim under the doctrine of equivalents.

One way to determine infringement under the doctrine of equivalents is to look at whether the corresponding aspect of the RetroButton product or process performs substantially the same function, in substantially the same way, to achieve substantially the same result as the requirement in the claim.

You may also consider whether people of ordinary skill in the art believed that the corresponding aspect of the accused RetroButton product and the requirement recited in the patent claim were interchangeable at the time of the alleged infringement.

The inventor need not have foreseen, and the patent need not describe, all potential equivalents to the invention covered by the claims. Also, changes in technique or improvements made possible by technology developed after the patent application is filed may still be equivalent for the purposes of the doctrine of equivalents.

Authority: Adapted from National Patent Jury Instructions, (Final Instructions, 3.8 Direct Infringement—Doctrine of Equivalents); Final Jury Instructions as given in *ACCO Brands v. ABA Locks Mfg. Co., Ltd., et al.*, Case No. 2:02-CV-112 (TJW), pp. 107-108; *see also* Final Jury Instructions as given in *02 Micro Int'l v. Beyond Innovation, et al.,* Case No. 2:04-CV-32 (TJW), pp. 123-124; FIFTH JUDICIAL CIRCUIT PATTERN JURY INSTRUCTIONS FOR CIVIL CASES (2005), No. 9.1 (Doctrine of Equivalents).

THE PARTIES DISAGREE OVER WHICH INSTRUCTION SHOULD COME NEXT IN THIS PACKAGE.

SMITH & NEPHEW CONTENDS THAT THE NEXT INSTRUCTION SHOULD BE THE JOINT PROPOSED INSTRUCTION "THE MEANING OF CLAIM TERMS (WHICH IS INCLUDED IN THIS PACKAGE AS JOINT PROPOSED INSTRUCTION NO. 18)

ARTHREX CONTENDS THAT THE COURT SHOULD HAVE ALREADY GIVEN ARTHREX'S VERSION OF "DIRECT INFRINGEMENT—LITERAL INFRINGEMENT" (WHICH IS INCLUDED IN THE PACKAGE AS ARTHREX'S PROPOSED INSTRUCTION NO. 5), BY THIS JUNCTURE. IF THE COURT HAS DONE SO, NO FURTHER INSTRUCTION IS NECESSARY. IF THE COURT HAS NOT DONE SO, THEN ARTHREX CONTENDS THAT THE NEXT INSTRUCTION SHOULD BE ARTHREX'S VERSION OF "DIRECT INFRINGEMENT—LITERAL INFRINGEMENT" (WHICH IS INCLUDED IN THE PACKAGE AS ARTHREX'S PROPOSED INSTRUCTION NO. 5).

SMITH & NEPHEW CONTENDS THAT AN INSTRUCTION ON "DIRECT INFRINGEMENT—LITERAL INFRINGEMENT" IS NOT NECESSARY.

Joint Proposed Instruction No. 18
(3.3 The Meaning of Claim Terms)

I have defined certain words and phrases in the patent claims. During your deliberations you must apply these meanings:

U.S. Patent No. 5,645,588

Term	Court's Construction or Agreement
8. **A graft attachment device for attaching an anterior cruciate ligament graft to a bone wherein a passage is drilled through the bone for attachment thereto**, comprising:	The preamble is a requirement of the claim.
a graft connection element comprising	material that supports the graft that is located between the hole in the leading end and the hole in the trailing end and is distinct from the material located in said holes
a sling member	the "sling member" is distinct from the claimed structure of "filament" loop of material that supports the graft
having **a width sufficient to carry the graft during and after implantation;**	width of the sling member sufficient to support and carry the graft during and after implantation without breaking or tearing the graft
an elongated body **sized to pass through the passage in the bone**	having an overall shape that can pass through the passage in the bone
and having an upper surface, a lower surface,	
a leading end,	last part lengthwise of the elongated body in which a hole suitable for carrying a filament can be placed and that enters the passage first

Term	Court's Construction or Agreement
and a trailing end,	the last part lengthwise of the elongated body in which a hole suitable for carrying a filament can be placed and that enters the passage last
each said end having a hole defined by said elongated body configured to carry a filament,	
a portion of said body disposed between said hole in said leading end and said hole in said trailing end being	the end holes are separate and distinct from the "portion of said body" and are not the part that is "configured for attaching" the graft connection element. Thus, the Court construes the term "portion of said body" to mean "portion of the elongated body that is located between the hole in the leading end and the hole in the trailing end, configured for attaching the graft connection element to said body and for enabling said body to rotate."
configured for attaching to said body the graft connection element and	
enabling said body to rotate	Allowing said body to turn.
relative to the graft from an initial insertion position, along an axis substantially parallel to the graft, to a final fixation position transverse to the graft to secure the graft relative to the bone; and	
filament threaded through said hole in said leading end and said hole in said trailing end.	threadlike material

U.S. Patent No. 5,306,301

Term	Court's Construction or Agreement
1. A method of attaching a **graft** to bone, comprising:	tissue or synthetic material that is transplanted or implanted in any part of a human or animal body to repair a defect

Term	Court's Construction or Agreement
forming a first **socket** in a bone	The socket is a cavity formed in bone.
to **accommodate** a portion of the graft, the socket having an opening at one end and a floor at its opposite end;	sufficient to fit the graft within bone
providing a first graft attachment device having an elongated body with a maximum length, a maximum width, an upper surface, a lower surface**, a leading end**,	the last part lengthwise of the elongated body in which a hole suitable for carrying a filament can be placed and that enters the passage first
and **a trailing end,**	the last part lengthwise of the elongated body in which a hole suitable for carrying a filament can be placed and that enters the passage last
each end **carrying**	holding or containing
a first lead filament	the claimed terms of first leading filament" and "first trailing filament" are different structures than the terms "graft connection element" and "sling member." "first lead filament" means "threadlike material threaded through the leading end"
[filament]	threadlike material
and **a first trailing filament**, respectively	"first trailing filament" means "threadlike material threaded through the trailing end"
the body further defining **means for attaching** to the body one of the graft	The "graft connection element" and the "means for attaching" are separate from the "first lead filament" and "first trailing filament." The means for attaching is disposed between and separate and distinct from the hole in the leading end and the hole in the trailing end. The corresponding structure of the "means for carrying" term is "a single opening, two openings, or a bracket extending from the lower surface of the elongated body and defining an opening, separate from and between the hole in the leading end and the hole in the trailing end." The corresponding function is "attaching the body to either the graft or the graft connection element."

Term	Court's Construction or Agreement
and a **graft connection element;**	material that supports the graft that is located between the hole in the leading end and the hole in the trailing end and is distinct from the material located in said holes.
forming a first passage from the floor of the socket to the opposite side of the bone	the step of "forming a first passage from the floor of the socket to the opposite side of the bone" must occur after the socket and floor of the socket are formed.
[passage]	an opening or tunnel drilled through bone
the passage having a width at least as large as the maximum width of the graft attachment device;	
securing the graft to the means for attaching;	
inserting the first lead and trailing filaments through the first passage and pulling primarily on the lead filament until the elongated body of the graft attachment device emerges; and	The filaments must be inserted into the passage in a sufficient amount as to be able to pull the lead filament. Thus, the term "through the first passage" means "sufficiently through the first passage for the lead filament to be pulled from the other side of the first passage." The "inserting" step must be performed at least partially prior to "pulling." The extent of the insertion step prior to pulling is controlled by the construction of the phrase "through the first passage."
rotating the elongated body by pulling on the trailing filament	turning the elongated body from an insertion position generally parallel to the first passage toward a fixation position generally transverse to the first passage
and seating the elongated body against the surface of the bone to fixate the graft to the bone.	The rotating step must occur to an extent to which the "elongated body [moves] from an insertion position generally parallel to the first passage toward a fixation position generally transverse to the first passage" prior to the seating step.
3. The method of claim 1 wherein the graft is secured to the means for attaching by **sutures**.	one or more filaments

Term	Court's Construction or Agreement
4. The method of claim 1 **wherein the graft to the means for attaching by being looped over a sling member connected to the means for attaching**.	where the graft is secured to the means for attaching by being looped over a sling member
7. The method of claim 1 further including selecting **perceptibly different** sutures to serve as the lead and trailing filaments.	looks or feels different

Authority: Form: National Patent Jury Instructions, (Final Instructions, 3.3 The Meaning of Claim Terms).
Substance: This Court's rulings.

Joint Proposed Instruction No.19
(3.4 Open-Ended or "Comprising" Claims)

The beginning, or preambles, of claims 1 and 8 use the word "comprising." "Comprising" means "including" or "containing but not limited to." That is, if you decide that Arthrex's method or product includes all the requirements in the claim, the claim is infringed. This is true even if the accused method or product includes components in addition to those requirements.

For example, a claim to a table *comprising* a tabletop, legs, and glue would be infringed by a table that includes a tabletop, legs, and glue, even if the table also includes wheels on the table's legs.

Authority: National Patent Jury Instructions, (Final Instructions, 3.4 Open-Ended or "Comprising" Claims).

Smith & Nephew Proposed Instruction No. 6
Infringement of Dependent Claims

So far, my instructions on infringement have applied to what are known as independent claims. The patent also contains dependent claims. Each dependent claim refers to an independent claim. A dependent claim includes each of the requirements of the independent claim to which it refers and one or more additional requirements.

In order to find infringement of dependent claims 3, 4 and 7 of the '301 patent, you must first determine whether independent claim 1 of the patent has been infringed. If you decide that the independent claim has been infringed, you must then separately determine whether each additional requirement of the dependent claim has also been included in the accused product. If each additional requirement has been included, then the dependent claim also has been infringed. If you decide that the independent claim has not been infringed, then the dependent claim cannot have been infringed.

Authority: Adapted from National Patent Jury Instructions, (Final Instructions, 3.7 Infringement of Dependant Claims).

Arthrex Proposed Instruction No. 6
(3.7 Infringement of Dependent Claims)

So far, my instructions on infringement have applied to what are known as independent claims. The patent also contains dependent claims. Each dependent claim refers to an independent claim. A dependent claim includes each of the requirements of the independent claim to which it refers and one or more additional requirements.

In order to find infringement of dependent claims 3, 4 and 7 of the '301 patent, you must first determine whether independent claim 1 of the patent has been infringed. If you decide that the independent claim has not been infringed, then the dependent claim cannot have been infringed. If you decide that the independent claim has been infringed, you must then separately determine whether each additional requirement of the dependent claim has also been included in the accused product. If each additional requirement has been included, then the dependent claim has been infringed.

Smith & Nephew must prove that it is more probable than not that a patent claim has been infringed.

Smith & Nephew is not asserting any dependent claims of the '588 patent.

Authority: National Patent Jury Instructions, (Final Instructions, 3.7 Infringement of Dependant Claims).

THE PARTIES DISAGREE OVER WHICH INSTRUCTION SHOULD COME NEXT IN THIS PACKAGE.

ARTHREX CONTENDS THAT THE NEXT INSTRUCTION SHOULD BE "DIRECT INFRINGEMENT—DOCTRINE OF EQUIVALENTS" (WHICH IS INCLUDED IN THE PACKAGE AS ARTHREX'S PROPOSED INSTRUCTION NO. 7).

SMITH & NEPHEW CONTENDS THAT THE COURT SHOULD HAVE ALREADY GIVEN SMITH & NEPHEW"S VERSION OF THE "DIRECT INFRINGEMENT—DOCTRINE OF EQUIVALENTS" (WHICH IS INCLUDED IN THIS PACKAGE AS SMITH & NEPHEW'S PROPOSED INSTRUCTION NO. 5).

Arthrex Proposed Instruction No. 7
(3.8 Direct Infringement—Doctrine of Equivalents)

Smith & Nephew alleges that Arthrex infringed the claims under the "doctrine of equivalents."

To prevail on its allegation of infringement, Smith & Nephew must prove that it is more probable than not that the accused product or method contains some thing or some step identical or equivalent to each claimed requirement of the patented invention. You must proceed on a requirement-by-requirement basis. Smith & Nephew must establish that each requirement in the claim is present in the accused product or method, either literally or under the doctrine of equivalents. If any requirement is completely missing, there is no infringement.

A claim requirement is present in an accused product under the doctrine of equivalents if the difference between the claim requirement and a corresponding aspect of the accused product or method is insubstantial.

In making this determination, you may consider whether the corresponding aspect performs substantially the same function in substantially the same way to achieve substantially the same result as the requirement in the claim. You may also consider whether people of ordinary skill in the art believed that the corresponding aspect of the accused product and the requirement recited in the patent claim were interchangeable at the time of the alleged infringement. The proper time for evaluating equivalency—and thus knowledge of interchangeability between requirements—is the time of infringement, not the

time the patent was issued. Under the doctrine of equivalents, those of ordinary skill in the art do not have to know of the equivalent when the patent application was filed or when the patent issued. Thus, the inventor need not have foreseen, and the patent need not describe, all potential equivalents to the invention covered by the claims. Also, changes in technique or improvements made possible by technology developed after the patent application is filed may still be equivalent for the purposes of the doctrine of equivalents.

Authority: National Patent Jury Instructions, (Final Instructions, 3.8 Direct Infringement—Doctrine of Equivalents).

Arthrex Proposed Instruction No. 8
(Prosecution History Estoppel)

The doctrine of equivalents is limited by what is called "prosecution history estoppel." As you have heard, when a person is attempting to obtain a patent, that person may make arguments and amendments to attempt to convince the Patent Examiner and the Patent Office that the claimed invention is entitled to a patent in view of the prior art before the Examiner. The applicant, in other words, may amend his patent claims or submit arguments in order to define or narrow the meaning of the patent claims so that they are distinguished from the prior art. Once an applicant has amended and narrowed his patent claims to obtain a patent, the amended and narrowed claims and arguments govern the patent. That is, the applicant cannot later expand his patent under the doctrine of equivalents and effectively remove or ignore the amendments that the applicant made in order to get the patent.

You are instructed that, in the process of obtaining the ‘588 patent, Smith & Nephew amended claim 8 of the ‘588 patent to require the following requirements:

1) sling member;

2) filament threaded through said hole in said leading end and said hole in said trailing end;

3) a portion of said body disposed between said hole in said leading end and said hole in said trailing end.

Therefore, in your determination of whether Smith & Nephew has proven that Arthrex directly infringed claim 8 of the '588 patent, you are not to consider whether these three requirements are met under the doctrine of equivalents. In other words, each of these three requirements must be met literally by the Arthrex Retrobutton or you must find that the Arthrex Retrobutton does not infringe claim 8 of the '588 patent.

Authority: AIPLA Model Instructions, Prosecution History Estoppel, 3.13 (modified).

SMITH & NEPHEW CONTENDS THAT A "PROSECUTION HISTORY ESTOPPEL" INSTRUCTION IS NOT NECESSARY.

Smith & Nephew Proposed Instruction No. 7
Direct Infringement—Means-Plus-Function Claims

Some patent claim requirements may describe a "means" for performing a function. For example, let's say that a patent describes a table in which the legs are glued to the tabletop. One way an inventor may claim the table is to require the tabletop, four legs, and glue between the legs and the tabletop. Another way to claim the table is to require the tabletop and the legs, but instead of stating "glue," the inventor states a "means for securing the legs to the tabletop." This second type of claim requirement is called a "means-plus-function" requirement. It describes a means for performing the function of securing the legs to the tabletop, rather than specifically stating "glue."

When a claim requirement is in means-plus-function form, it covers the structures described in the patent specification for performing the function stated in the claim, and also any structure equivalent to the described structures. In my example, the claim covers a table using glue to secure the legs to the tabletop, as described in the patent, and any equivalent structure to glue that performs the function of securing the legs to the tabletop.

Claim 1 of the '301 patent include a means-plus-function requirements, namely, "means for attaching." In instructing you about the meaning of a means-plus-function claim requirement, I have told you, first, the function that is performed, and second, the structure disclosed in the patent specification that corresponds to that function.

To establish literal infringement of a claim that includes means-plus-function requirements, Smith & Nephew must prove two things:

1. **the relevant structure in the RetroButton performs the identical function I identified, and**
2. **the RetroButton employs a structure identical or equivalent to the structure described in the patent.**

Two structures are equivalent if a person of ordinary skill in the art would consider the differences between them to be insubstantial for performing the required function. One way to determine this is to look at whether or not the accused RetroButton structure performs the identical function in substantially the same way to achieve substantially the same result. If the function performed by the relevant structure in the RetroButton is not identical to the function recited in the means-plus-function requirement, infringement may be proved under the doctrine of equivalents. To prove equivalent infringement in such situation, the patent holder must prove that following the guidelines for establishing equivalence set forth above:

1. **the relevant structure in the RetroButton performs a function equivalent to the function specified in the claim, and**
2. **the RetroButton employs a structure identical or equivalent to the structure described in the patent.**

Authority: Adapted from National Patent Jury Instructions, (Final Instructions, 3.9 Direct Infringement—Means-Plus-Function Claims).

Arthrex Proposed Instruction No. 9
(3.9 Direct Infringement—Means-Plus-Function Claims)

Some patent claim requirements may describe a "means" for performing a function, rather than describing the structure that performs the function. For example, let's say that a patent describes a table in which the legs are glued to the tabletop. One way an inventor may claim the table is to require the tabletop, four legs, and glue between the legs and the tabletop. Another way to claim the table is to require the tabletop and the legs, but instead of stating "glue," the inventor states a "means for securing the legs to the tabletop." This second type of claim requirement is called a "means-plus-function" requirement. It describes a means for performing the function of securing the legs to the tabletop, rather than requiring the glue.

When a claim requirement is in means-plus-function form, it covers the structures described in the patent specification for performing the function stated in the claim and also any structure equivalent to the described structures. In my example, the claim covers a table using glue to secure the legs to the tabletop, as described in the patent, and any equivalent structure to glue that performs the function of securing the legs to the tabletop.

Claim 1 of the '301 patent include a means-plus-function requirements, namely, "means for attaching." In instructing you about the meaning of a means-plus-function claim requirement, I have told you, first, the function that is

performed, and second, the structure disclosed in the patent specification that corresponds to that function.

To establish literal infringement of a claim that includes means-plus-function requirements, Smith & Nephew must prove two things:

1. **the relevant structure in the accused device performs the identical function I identified, and**

2. **the accused device employs a structure identical or equivalent to the structure described in the patent.**

Where the structure in the accused device and the structure disclosed in the patent specification are not identical, Smith & Nephew has the burden of proving that it is more probable than not that the relevant structure in the accused device, as I have identified it for you, is equivalent to the disclosed structure in the patent.

Two structures are equivalent if a person of ordinary skill in the art would consider the differences between them to be insubstantial for performing the required function. One way to determine this is to look at whether or not the accused structure performs the identical function in substantially the same way to achieve substantially the same result. Another way is to consider whether people of ordinary skill in the art believed that the structure of the accused product and the structure in the patent were interchangeable at the time the patent was issued by the PTO.

If the function performed by the relevant structure in the accused device is not identical to the function recited in the means-plus-function requirement,

infringement may be proved under the doctrine of equivalents. To prove equivalent infringement in such situation, the patent holder must prove that following the guidelines for establishing equivalence set forth above:

1. **the relevant structure in the accused device performs a function equivalent to the function specified in the claim, and**
2. **the accused device employs a structure identical or equivalent to the structure described in the patent.**

Authority: National Patent Jury Instructions, (Final Instructions, 3.9 Direct Infringement—Means-Plus-Function Claims).

Joint Proposed Instruction No. 20
(3.10 Indirect Infringement)

Smith & Nephew alleges that Arthrex indirectly infringed the '301 patent. There are two types of indirect infringement: inducing infringement and contributory infringement. The act of encouraging or inducing others to infringe a patent is called "inducing infringement." The act of contributing to the infringement of others by, for example, supplying them with components for use in the patented invention, is called "contributory infringement."

Authority: National Patent Jury Instructions, (Final Instructions, 3.10 Indirect Infringement).

Smith & Nephew Proposed Instruction No. 8
Inducing Patent Infringement

A party induces patent infringement if it purposefully causes, urges, or encourages another to infringe the claims of a patent. Inducing infringement cannot occur unintentionally. This is different from direct infringement, which can occur unintentionally.

To prove that Arthrex induced patent infringement, Smith & Nephew must prove by a preponderance of the evidence that:

1. Arthrex actively encouraged or instructed surgeons on how to use the RetroButton in a way that infringes at least one claim of the '588 or the '301 patent;

2. Arthrex knew of the that patent at the time;

3. Arthrex knew, or should have known, that the encouragement or instructions would result in infringement of at least one patent claim of that patent; and

4. the surgeons infringed at least that one patent claim.

Smith & Nephew must prove that Arthrex had a specific intent to induce the infringement, and that Arthrex knowingly induced infringement, not merely that Arthrex knowingly induced the acts that constitute infringement.

Authority: Adapted from National Patent Jury Instructions, (Final Instructions, 3.11 Inducing Patent Infringement).

Arthrex Proposed Instruction No. 10
(3.11 Inducing Patent Infringement)

A party induces patent infringement if it purposefully causes, urges, or encourages another to infringe the claims of a patent. Inducing infringement cannot occur unintentionally. This is different from direct infringement, which can occur unintentionally.

To prove that Arthrex induced patent infringement, Smith & Nephew must prove by a preponderance of the evidence that:

1. Arthrex actively encouraged or instructed surgeons on how to use the RetroButton in a way that infringes at least one claim of the '301 patent;

2. Arthrex knew of the '301 patent at that time;

3. Arthrex knew, or should have known, that the encouragement or instructions would result in direct infringement by the surgeons of at least one patent claim of the '301 patent;

4. the surgeons directly infringed at least that one patent claim; and

5. Smith & Nephew must prove that there is a direct infringement by the surgeons for each instance of indirect infringement.

Smith & Nephew must prove that Arthrex had a specific intent to induce the infringement. Smith & Nephew must prove that Arthrex knowingly induced infringement, not merely that Arthrex knowingly induced the acts that constitute infringement.

Authority: National Patent Jury Instructions, (Final Instructions, 3.11 Inducing Patent Infringement).

Smith & Nephew Proposed Instruction No. 9
Contributory Infringement

Contributory infringement occurs when a party with knowledge of the patent supplies a part, or a component, to another for use in a product, machine, or process that infringes a patent claim. Smith & Nephew must prove by a preponderance of the evidence that contributory infringement occurred.

Contributory infringement arises only if the surgeons who received the Arthrex product infringe a patent claim. The Arthrex product must also have three characteristics.

1. the Arthrex product must be a significant part of the invention;

2. the Arthrex product must be especially made or adapted for use in a way that infringes at least one claim of the '588 or '301 patent, and Arthrex must know that its product was especially made for that use; and

3. the Arthrex product must not have a significant non-infringing use.

Authority: Adapted from National Patent Jury Instructions, (Final Instructions, 3.12 Contributory Infringement).

Arthrex Proposed Instruction No. 11
(3.12 Contributory Infringement)

Contributory infringement occurs when a party with knowledge of the patent supplies a part, or a component, to another for use in a product, machine, or process that infringes a patent claim. Smith & Nephew must prove by a preponderance of the evidence that contributory infringement occurred.

Contributory infringement arises only if the surgeons who received the Arthrex product infringe a patent claim. The Arthrex product must also have three characteristics.

1. the Arthrex product must be a significant part of the invention;

2. the Arthrex product must be especially made or adapted for use in a way that infringes at least one claim of the '301 patent, and Arthrex must know that its product was especially made for that use;

3. the Arthrex product must not have a significant non-infringing use; and

4. Smith & Nephew must prove that there is a direct infringement for each instance of indirect infringement.

A product that has a number of non-infringing uses is often referred to as a staple or commodity article. Providing such a staple or commodity article is not contributory infringement even if the person receiving or buying the article uses it in an infringing way.

Authority: National Patent Jury Instructions, (Final Instructions, 3.12 Contributory Infringement).

Smith & Nephew Proposed Instruction No. 10
Willful Infringement

In this case, Smith & Nephew argues that Arthrex willfully infringed the claims of Smith & Nephew's patents.

To prove willful infringement, Smith & Nephew must persuade you by clear and convincing evidence, that before the filing date of the complaint, Arthrex acted with reckless disregard of the claims of Smith & Nephew's patent. Reckless disregard means that Arthrex proceeded with the infringing conduct with knowledge of the patent, and in the face of an unjustifiably high risk that it was infringing the claims of a valid and enforceable patent. The state of mind of Arthrex is not relevant.

Second, you must determine whether an unjustifiably high risk of infringement was known or so obvious that it should have been known to Arthrex. In deciding whether Arthrex satisfied the state-of-mind part of the test, you should consider all facts surrounding the alleged infringement including, but not limited to, the following:

1. **whether Arthrex acted in a manner consistent with the standards of commerce for its industry;**
2. **whether Arthrex intentionally copied without a reasonable basis a product of Smith & Nephew covered by one or more claims of the patent, as distinguished from trying to "design**

around" the patent by designing a product that Arthrex believed did not infringe those claims.[1]

Authority: Adapted from National Patent Jury Instructions, (Final Instructions, 4.1 Willful Infringement).

[1] 35 U.S.C. § 284: In re Seagate Tech., LLC, 497 F.3d 1360 (Fed. Cir. 2007) (en banc); Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp., 383 F.3d 1337, 1345 (Fed. Cir. 2004) (en banc); Crystal Semiconductor Corp. v. Tritech Microelectronics Int'l, Inc., 246 F.3d 1336, 1346 (Fed. Cir. 2001); WMS Gaming Inc. v. Int'l Game Tech., 184 F.3d 1339, 1354 (Fed. Cir. 1999); Read Corp. v. Portec, Inc., 970 F.2d 816 (Fed. Cir. 1992); Gustafson, Inc. v. Intersystems Indus. Prods., Inc., 897 F.2d 508, 510 (Fed. Cir. 1990).

Arthrex Proposed Instruction No. 12
(4.1 Willful Infringement)

In this case, Smith & Nephew argues that Arthrex willfully infringed the claims of Smith & Nephew's patents.

The issue of willful infringement relates to the amount of damages the patent holder is entitled to recover in this lawsuit. If you decide that Arthrex willfully infringed the claims of Smith & Nephew's patent, then it is my job to decide whether or not to award increased damages to Smith & Nephew. You should not take this factor into account in assessing the damages, if any, to be awarded to Smith & Nephew.

To prove willful infringement, Smith & Nephew must persuade you that it is highly probable that, before the filing date of the complaint, Arthrex acted with reckless disregard of the claims of Smith & Nephew's patent. To show "reckless disregard," Smith & Nephew must satisfy a two-part test: the first concerns Arthrex's conduct, the second concerns Arthrex's state of mind.

When considering Arthrex's conduct, you must decide whether Smith & Nephew has proven it is highly probable that Arthrex's conduct was reckless; that is, that Arthrex proceeded with the allegedly infringing conduct with knowledge of the patent, and in the face of an unjustifiably high risk that it was infringing the claims of a valid and enforceable patent. Because this is an objective issue, the state of mind of Arthrex is not relevant to it. Legitimate or

credible defenses to infringement, even if ultimately not successful, demonstrate a lack of recklessness.

If you conclude that Smith & Nephew has proven that Arthrex's conduct was reckless, then you need to consider the second part of the test. You must determine whether Smith & Nephew proved it is highly probable that the unjustifiably high risk of infringement was known or so obvious that it should have been known to Arthrex. In deciding whether Arthrex satisfied the state-of-mind part of the test, you should consider all facts surrounding the alleged infringement including, but not limited to, the following:

1. **whether Arthrex acted in a manner consistent with the standards of commerce for its industry;**
2. **whether Arthrex intentionally copied without a reasonable basis a product of Smith & Nephew covered by one or more claims of the patent, as distinguished from trying to "design around" the patent by designing a product that Arthrex believed did not infringe those claims.[2]**

Authority: National Patent Jury Instructions, (Final Instructions, 4.1 Willful Infringement).

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[2] 35 U.S.C. § 284: In re Seagate Tech., LLC, 497 F.3d 1360 (Fed. Cir. 2007) (en banc); Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp., 383 F.3d 1337, 1345 (Fed. Cir. 2004) (en banc); Crystal Semiconductor Corp. v. Tritech Microelectronics Int'l, Inc., 246 F.3d 1336, 1346 (Fed. Cir. 2001); WMS Gaming Inc. v. Int'l Game Tech., 184 F.3d 1339, 1354 (Fed. Cir. 1999); Read Corp. v. Portec, Inc., 970 F.2d 816 (Fed. Cir. 1992); Gustafson, Inc. v. Intersystems Indus. Prods., Inc., 897 F.2d 508, 510 (Fed. Cir. 1990).

Smith & Nephew Proposed Instruction No. 11
Invalidity--Generally

I will now instruct you on the invalidity issues you should consider. As you consider these issues, remember that Arthrex bears the burden of proving by clear and convincing evidence that the claims are invalid.

Authority: Adapted from National Patent Jury Instructions, (Final Instructions, 5.1 Invalidity--Generally).

Arthrex Proposed Instruction No. 13
(5.1 Invalidity--Generally)

Patent invalidity is a defense to patent infringement. Even though the PTO examiner has allowed the claims of a patent, you have the ultimate responsibility for deciding whether the claims of the patent are valid.

I will now instruct you on the invalidity issues you should consider. As you consider these issues, remember that Arthrex bears the burden of proving that it is highly probable that the claims are invalid.

Authority: National Patent Jury Instructions, (Final Instructions, 5.1 Invalidity--Generally).

Smith & Nephew Proposed Instruction No. 12
Anticipation—Statutory Bars

To establish invalidity, Arthrex must prove that claims 1, 3, 4, and/or 7 of the '301 patent and claim 8 of the '588 patent are invalid by showing by clear and convincing evidence that each such claim failed to meet one of several statutory provisions in the patent laws. Arthrex can only establish invalidity if it proves that patent application was not timely filed, that is, filed within one year of the occurrence of any of the following events:

- **if the claimed invention was already being publicly or commercially used in the United States before February 11, 1992 and that use was not primarily an experimental use controlled by the inventor to test whether the invention worked for its intended purpose;**
- **if a device or method using the claimed invention was sold or offered for sale in the United States, and that claimed invention was ready for patenting, before February 11, 1992. The claimed invention is not being sold or offered for sale if Smith & Nephew shows that the sale or offer for sale was primarily experimental. The claimed invention is ready for patenting if it was actually built, or if the inventor had prepared drawings or other descriptions of the claimed invention that were sufficiently detailed to enable a person of ordinary skill in the field of the invention to make and use the invention based on them.**

It is not Smith & Nephew's burden to prove that any such alleged use was an experimental use. It remains Arthrex's burden to prove that the use was not experimental.

Authority: Adapted from National Patent Jury Instructions, (Final Instructions, 5.7 Anticipation—Statutory Bars).

Arthrex Proposed Instruction No. 14
(5.7 Anticipation—Statutory Bars)

Arthrex may prove that claims 1, 3, 4, 7 of the '301 patent and claim 8 of the '588 patent are invalid by showing that it is highly probable that each such claim failed to meet one of several statutory provisions in the patent laws. These provisions are called "statutory bars." For a patent claim to be invalid because of a statutory bar, all of its requirements must have been "publicly or commercially used, sold or offered for sale" (as explained below) more than one year before the effective filing date of the patent application.

Here is a list of ways Arthrex can show that the patent application was not timely filed, that is, filed within one year of the occurrence of any of the following events:

- **if the claimed invention was already being publicly or commercially used in the United States before February 11, 1992 and that use was not primarily an experimental use controlled by the inventor to test whether the invention worked for its intended purpose;**

- **if a device or method using the claimed invention was sold or offered for sale in the United States, and that claimed invention was ready for patenting, before February 11, 1992. The claimed invention is not being sold or offered for sale if Smith & Nephew shows that the sale or offer for sale was primarily experimental. The claimed invention is ready for patenting if it was actually built, or if the inventor had prepared drawings or other descriptions of the claimed invention that were sufficiently detailed to enable a person of ordinary skill in the field of the invention to make and use the invention based on them.**

If you find a patent claim failed to meet a statutory bar, you must find the patent claim invalid.

Authority: National Patent Jury Instructions, (Final Instructions, 5.7 Anticipation—Statutory Bars).

Smith & Nephew Proposed Instruction No. 13
Obviousness

In this case, Arthrex contends claims that claims 1, 3, 4 and 7 of the '301 patent and claim 8 of the '588 patent are invalid as obvious. A patent claim is invalid if the claimed invention would have been obvious to a person of ordinary skill in the field of the invention as of February 11, 1993. This means that a person of ordinary skill in the field of the invention who knew about all of the prior art would have come up with the claimed invention.

But a patent claim composed of several requirements is not proved obvious merely by demonstrating that each of its requirements was independently known in the prior art. Although common sense directs one to look with care at a patent application that claims as innovation the combination of known requirements according to their established functions to produce a predictable result, it can be important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the requirements in the way the claimed new invention does. This is so because inventions in most, if not all, instances rely upon building blocks long since uncovered, and claimed discoveries almost of necessity will be combinations of what, in some sense, is already known. Accordingly, you may evaluate whether there was some teaching, suggestion, or motivation to arrive at the claimed invention before the time of the claimed invention, although proof of this is not a requirement to prove obviousness. Teachings, suggestions, and motivations

may be found in written references including the prior art itself. However, teachings, suggestions, and motivations may also be found within the knowledge of a person with ordinary skill in the art including inferences and creative steps that a person of ordinary skill in the art would employ. Additionally, teachings, suggestions, and motivations may be found in the nature of the problem solved by the claimed invention, or any need or problem known in the field of the invention at the time of and addressed by the invention.

Therefore, in evaluating whether such a claim would have been obvious, you should consider a variety of factors:

1. **Whether Arthrex has identified a reason that would have prompted a person of ordinary skill in the field of the invention to combine the requirements or concepts from the prior art in the same way as in the claimed invention. There is no single way to define the line between true inventiveness on one hand (which is patentable) and the application of common sense and ordinary skill to solve a problem on the other hand (which is not patentable). For example, market forces or other design incentives may be what produced a change, rather than true inventiveness.**

2. **Whether the claimed invention applies a known technique that had been used to improve a similar device or method in a similar way.**

3. **Whether the claimed invention would have been obvious to try, meaning that the claimed innovation was one of a relatively small number of possible approaches to the problem with a reasonable expectation of success by those skilled in the art.**

But you must be careful not to determine obviousness using hindsight; many true inventions can seem obvious after the fact. You should put yourself in the position of a person of ordinary skill in the field of the invention at the time

the claimed invention was made, and you should not consider what is known today or what is learned from the teaching of the patent.

The ultimate conclusion of whether a claim is obvious should be based on your determination of several factual issues:

1. **You must decide the level of ordinary skill in the field of the invention that someone would have had at the time the claimed invention was made.**

2. **You must decide the scope and content of the prior art. In determining the scope and content of the prior art, you must decide whether a reference is pertinent, or analogous, to the claimed invention. Pertinent, or analogous, prior art includes prior art in the same field of endeavor as the claimed invention, regardless of the problems addressed by the reference, and prior art from different fields reasonably pertinent to the particular problem with which the claimed invention is concerned. Remember that prior art is not limited to patents and published materials, but includes the general knowledge that would have been available to one of ordinary skill in the field of the invention.**

3. **You must decide what difference, if any, existed between the claimed invention and the prior art.**

Finally, you should consider any of the following factors that you find have been shown by the evidence:

A. Factors tending to show nonobviousness:

1. **commercial success of a product due to the merits of the claimed invention;**

2. **a long-felt, but unsolved, need for the solution provided by the claimed invention;**

3. **unsuccessful attempts by others to find the solution provided by the claimed invention;**

4. **copying of the claimed invention by others;**

5. unexpected and superior results from the claimed invention;

6. acceptance by others of the claimed invention as shown by praise from others in the field of the invention or from the licensing of the claimed invention; and

7. disclosures in the prior art that criticize, discredit, or otherwise discourage the claimed invention and would therefore tend to show that the invention was not obvious.

B. Factors tending to show obviousness

1. independent invention of the claimed invention by others before or at about the same time as the named inventor thought of it.

You may consider the presence of any of nonboviousness factors as an indication that the claimed invention would not have been obvious at the time the claimed invention was made. And you may consider the presence of the obvious factor as an indication that the claimed invention would have been obvious at such time. Although you should consider any evidence of these factors, the relevance and importance of any of them to your decision on whether the claimed invention would have been obvious is up to you.

Arthrex must prove by clear and convincing evidence that a claim was obvious and therefore invalid. Smith & Nephew does not have to prove that the patent is valid, but is entitled to a presumption of validity because the patent office issued the patent.

Authority: Adapted from National Patent Jury Instructions, (Final Instructions, 5.9 Obviousness).

Arthrex Proposed Instruction No. 15
(5.9 Obviousness)

In this case, Arthrex contends claims that, even if they were not used or sold exactly as claimed more than one year before the application date, claims 1, 3, 4, 7 of the '301 patent and claim 8 of the '588 patent are invalid as obvious. A patent claim is invalid if the claimed invention would have been obvious to a person of ordinary skill in the field of the invention as of February 11, 1993. This means that even if all the requirements of the claim were not publicly or commercially used, sold or offered for sale, a person of ordinary skill in the field of the invention who knew about all the public or commercial use, sale or offers for sale would have come up with the claimed invention.

But a patent claim composed of several requirements is not proved obvious merely by demonstrating that each of its requirements was independently known in the prior art. Although common sense directs one to look with care at a patent application that claims as innovation the combination of known requirements according to their established functions to produce a predictable result, it can be important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the requirements in the way the claimed new invention does. This is so because inventions in most, if not all, instances rely upon building blocks long since uncovered, and claimed discoveries almost of necessity will be combinations of what, in some sense, is already known. Accordingly, you may evaluate whether there was some teaching, suggestion, or motivation to arrive at the claimed invention before the time of the claimed invention, although proof of this is not a

requirement to prove obviousness. Teachings, suggestions, and motivations may be found in written references including the prior art itself. However, teachings, suggestions, and motivations may also be found within the knowledge of a person with ordinary skill in the art including inferences and creative steps that a person of ordinary skill in the art would employ. Additionally, teachings, suggestions, and motivations may be found in the nature of the problem solved by the claimed invention, or any need or problem known in the field of the invention at the time of and addressed by the invention.

Therefore, in evaluating whether such a claim would have been obvious, you should consider a variety of factors:

1. **Whether Arthrex has identified a reason that would have prompted a person of ordinary skill in the field of the invention to combine the requirements or concepts from the prior art and the public or commercial use, sale or offer for sale in the same way as in the claimed invention. There is no single way to define the line between true inventiveness on one hand (which is patentable) and the application of common sense and ordinary skill to solve a problem on the other hand (which is not patentable). For example, market forces or other design incentives may be what produced a change, rather than true inventiveness.**

2. **Whether the claimed invention applies a known technique that had been used to improve a similar device or method in a similar way.**

3. **Whether the claimed invention would have been obvious to try, meaning that the claimed innovation was one of a relatively small number of possible approaches to the problem with a reasonable expectation of success by those skilled in the art.**

But you must be careful not to determine obviousness using hindsight; many true inventions can seem obvious after the fact. You should put yourself in

the position of a person of ordinary skill in the field of the invention at the time the claimed invention was made, and you should not consider what is known today or what is learned from the teaching of the patent.

The ultimate conclusion of whether a claim is obvious should be based on your determination of several factual issues:

1. **You must decide the level of ordinary skill in the field of the invention that someone would have had at the time the claimed invention was made.**

2. **You must decide the scope and content of the prior art. In determining the scope and content of the prior art, you must decide whether a reference is pertinent, or analogous, to the claimed invention. Pertinent, or analogous, prior art includes prior art in the same field of endeavor as the claimed invention, regardless of the problems addressed by the reference, and prior art from different fields reasonably pertinent to the particular problem with which the claimed invention is concerned. Remember that prior art is not limited to patents and published materials, but includes the general knowledge that would have been available to one of ordinary skill in the field of the invention.**

3. **You must decide what difference, if any, existed between the claimed invention and the prior art.**

Arthrex must prove that it is highly probable that a claimed invention was obvious. If you find that a claimed invention was obvious as explained above, you must find that claim invalid.

Authority: National Patent Jury Instructions, (Final Instructions, 5.9 Obviousness).

Joint Proposed Instruction No. 21
(5.13 Level Of Ordinary Skill)

Several times in my instructions I have referred to a person of ordinary skill in the field of the invention. It is up to you to decide the level of ordinary skill in the field of the invention. You should consider all of the evidence introduced at trial in making this decision, including:

1. **the levels of education and experience of persons working in the field;**
2. **the types of problems encountered in the field; and**
3. **the sophistication of the technology.**

The level of ordinary skill in the field of the invention was (1) at least a B.S. or equivalent degree; and (2) at least two years' experience designing, developing, testing, or performing surgeries with implantable medical devices.

Authority: National Patent Jury Instructions, (Final Instructions, 5.13 Level of Ordinary Skill).

Smith & Nephew Proposed Instruction No. 14
Damages--Generally

I will now instruct you on damages. If you find that Arthrex has infringed one or more valid claims of the '301 patent or the '588 patent you must determine the amount of money damages to which Smith & Nephew is entitled. By instructing you on damages, I do not suggest that one or the other party should prevail. These instructions are provided to guide you on the calculation of damages in the event you find infringement of a valid patent claim and thus must address the damages issue.

The amount of damages must be adequate to compensate Smith & Nephew for the infringement, but it may not be less than a "reasonable royalty." You may award compensatory damages only for the loss that Smith & Nephew proves by a preponderance of the evidence was caused by Arthrex's infringement.

Authority: Adapted from National Patent Jury Instructions, (Final Instructions, 6.1 Damages--Generally).

Arthrex Proposed Instruction No. 16
(6.1 Damages--Generally)

I will now instruct you on damages. If you find that Arthrex has infringed one or more valid claims of the '301 patent or the '588 patent you must determine the amount of money damages to which Smith & Nephew is entitled. By instructing you on damages, I do not suggest that one or the other party should prevail. These instructions are provided to guide you on the calculation of damages in the event you find infringement of a valid patent claim and thus must address the damages issue.

The amount of damages must be adequate to compensate Smith & Nephew for the infringement, but it may not be less than a "reasonable royalty." At the same time, your damages determination must not include additional sums to punish Arthrex or to set an example. You may award compensatory damages only for the loss that Smith & Nephew proves was more likely than not caused by Arthrex's infringement.

Authority: National Patent Jury Instructions, (Final Instructions, 6.1 Damages--Generally).

Smith & Nephew Proposed Instruction No. 15
Damages—Burden of Proof

Smith & Nephew need not prove the amount of damages with mathematical precision. However, Smith & Nephew is not entitled to damages that are remote or speculative.

Authority: Adapted from National Patent Jury Instructions, (Final Instructions, 6.2 Damages—Burden of Proof).

Arthrex Proposed Instruction No. 17
(6.2 Damages—Burden of Proof)

Where the parties dispute a matter concerning damages, it is Smith & Nephew's burden to prove by a preponderance of the evidence that Smith & Nephew's version is correct. Smith & Nephew must prove the amount of damages with reasonable certainty, but need not prove the amount of damages with mathematical precision. However, Smith & Nephew is not entitled to damages that are remote or speculative.

Authority: National Patent Jury Instructions, (Final Instructions, 6.2 Damages—Burden of Proof).

Smith & Nephew Proposed Instruction No. 16
Damages—Lost Profits

In this case, Smith & Nephew seeks to recover lost profits resulting from Arthrex's infringement. Lost profits damages compensate the patent owner for the additional profits that it would have made if the accused infringer had not infringed or "but for" the infringement. Smith & Nephew says that it lost profits because Arthrex's infringement took away sales that Smith & Nephew would have made had Arthrex not infringed. Lost profits may be awarded if it is shown that:

1. **there was demand for the patented product;**
2. **there were no acceptable noninfringing alternatives, or, if there were, that Smith & Nephew lost some sales as a result of the infringing activity;**
3. **Smith & Nephew had the manufacturing and marketing capacity to make any infringing sales actually made by Arthrex; and**
4. **the amount of profit Smith & Nephew would have made if Arthrex had not infringed.**

In deciding whether or not people who bought from Arthrex would have bought a non-infringing product, you should consider whether or not there was such a demand for the patented aspects of the infringing product that purchasers would not have bought a non- infringing product. If you find infringement, you may consider demand for the RetroButton to be demand for the EndoButton.

In this case, Smith & Nephew is also seeking profits from sales of accessories sold and used with the EndoButton, which it contends it would have sold along with the EndoButton. These products are called collateral products or

convoyed sales. To recover lost profits on sales of such collateral products, you should consider whether:

1. Smith & Nephew would have sold the collateral products if Arthrex had not infringed the patent,

2. the collateral products and the patented product together are like parts of a complete machine, or constitute a functional unit,

3. the amount of the profit Smith & Nephew would have made on sales of accessories sold and used with the EndoButton.

For those infringing sales where Smith & Nephew does not seek, or does not prove, lost profits damages, the law requires that you award Smith & Nephew a reasonable royalty. I will now instruct you on how to calculate reasonable royalty damages.

Authority: Adapted from National Patent Jury Instructions, (Final Instructions, 6.4 Damages—Lost Profits); Adapted from Final Jury Instructions as given in ACCO Brands v. ABA Locks Mfg. Co., Ltd., et al., Case No. 2:02-CV-112 (TJW), pp. 125-128.

Arthrex Proposed Instruction No. 18
(6.4 Damages—Lost Profits)

In this case, Smith & Nephew seeks to recover lost profits resulting from Arthrex's infringement. One way Smith & Nephew may establish lost profits is by proving it is more probable than not that:

5. **there was demand for the patented product;**
6. **there were no acceptable noninfringing alternatives, or, if there were, that Smith & Nephew lost some sales as a result of the infringing activity;**
7. **Smith & Nephew had the manufacturing and marketing capacity to make any infringing sales actually made by Arthrex; and**
8. **the amount of profit Smith & Nephew would have made if Arthrex had not infringed.**

For those infringing sales where Smith & Nephew does not seek, or does not prove, lost profits damages, the law requires that you award Smith & Nephew a reasonable royalty. I will now instruct you on how to calculate reasonable royalty damages.

Authority: National Patent Jury Instructions, (Final Instructions, 6.4 Damages—Lost Profits).

Smith & Nephew Proposed Instruction No. 17
Reasonable Royalty--Entitlement

If you find that Smith & Nephew has proved lost profits for all of the infringing sales or activities, then the damages awarded to the patent owner should be those lost profits. If, however, you find that Smith & Nephew has not proved its claim for lost profits, or has proved its claim for lost profits for only a portion of the infringing sales, then for those infringing sales or activities for which you do not award lost profits, you should determine the amount the patent owner has proved to be a reasonable royalty.

Authority: Adapted from National Patent Jury Instructions, (Final Instructions, 6.5 Reasonable Royalty—Entitlement); FIFTH JUDICIAL CIRCUIT PATTERN JURY INSTRUCTIONS FOR CIVIL CASES (2005), No. 9.8; see also Final Jury Instructions as given in ACCO Brands v. ABA Locks Mfg. Co., Ltd., et al., Case No. 2:02-CV-112 (TJW), pp. 128-131.

Arthrex Proposed Instruction No. 19
(6.5 Reasonable Royalty--Entitlement)

If Smith & Nephew has not proved its claim for lost profits, or has proved its claim for lost profits for only a portion of the infringing sales, then Smith & Nephew should be awarded a reasonable royalty for all infringing sales for which it has not been awarded lost profits damages.

Authority: National Patent Jury Instructions, (Final Instructions, 6.5 Reasonable Royalty—Entitlement).

Smith & Nephew Proposed Instruction No. 18
Reasonable Royalty--Definition

A royalty is the amount of money a licensee pays to a patent owner in exchange for rights to make, use or sell the claimed invention. A royalty is paid for each article the licensee makes (or uses or sells) under the patent. A reasonable royalty is the amount of money a willing patent owner and a willing prospective licensee would have agreed upon at the time of the infringement for a license to make the invention. Thus, a reasonable royalty is the payment that would have resulted from a negotiation between a patent holder and the infringer taking place just before the time when the infringing sales first began. In considering the nature of this negotiation, the focus is on what the expectations of the patent holder and infringer would have been had they entered into an agreement at that time and acted reasonably in their negotiations. The infringer's actual profits may or may not bear on the reasonableness of an award based on a reasonable royalty.

For purposes of this calculation, you must assume that both parties believed the patent was valid and infringed. In addition, you must assume that patent holder and infringer were willing to enter into an agreement; your role is to determine what that agreement would have been. The test for damages is what royalty would have resulted from the hypothetical negotiation and not simply what either party would have preferred.

In determining the reasonable royalty, you Some of the kinds of factors that you may consider in making your determination are:

In determining the royalty that would have resulted from the hypothetical negotiation you should consider all the facts known and available to the parties at the time the infringement began, including the following to the extent they are helpful to you:

- **Licenses or offers to license the patent at issue in this case**
- **Licenses involving comparable patents**
- **The licensing history of the parties**
- **Licensing practices in the relevant industry**
- **Whether Smith & Nephew had an established policy of refusing to license the patent at issue.**
- **The relationship between Smith & Nephew and Arthrex, including whether or not they were competitors**
- **The significance of the patented technology in promoting sales of the Arthrex's products and earning it profit**
- **Alternatives to the patented technology and advantages provided by the patented technology relative to the alternatives.**
- **The portion of the Arthrex's profit that should be credited to the invention as distinguished from nonpatented features, improvements or contributions.**

- **Any other economic factor that a normally prudent businessperson would, under similar circumstances, take into consideration in negotiating the hypothetical license.**

Authority: Adapted from National Patent Jury Instructions, (Final Instructions, 6.6 Reasonable Royalty—Definition); Adapted from FIFTH JUDICIAL CIRCUIT PATTERN JURY INSTRUCTIONS FOR CIVIL CASES (2005), No. 9.8; see also Final Jury Instructions as given in ACCO Brands v. ABA Locks Mfg. Co., Ltd., et al., Case No. 2:02-CV-112 (TJW), pp. 128-131.

Arthrex Proposed Instruction No. 20
(6.6 Reasonable Royalty--Definition)

A royalty is a payment made to a patent holder in exchange for rights to make, use or sell the claimed invention. A reasonable royalty is the payment that would have resulted from a negotiation between a patent holder and the infringer taking place just before the time when the infringing sales first began. In considering the nature of this negotiation, the focus is on what the expectations of the patent holder and infringer would have been had they entered into an agreement at that time and acted reasonably in their negotiations. However, you must assume that both parties believed the patent was valid and infringed. In addition, you must assume that patent holder and infringer were willing to enter into an agreement; your role is to determine what that agreement would have been. The test for damages is what royalty would have resulted from the hypothetical negotiation and not simply what either party would have preferred.

In determining the royalty that would have resulted from the hypothetical negotiation you may consider real world facts including the following to the extent they are helpful to you:

- **Licenses or offers to license the patent at issue in this case**
- **Licenses involving comparable patents**
- **The licensing history of the parties**
- **Licensing practices in the relevant industry**

- **Whether the patent owner had an established policy of refusing to license the patent at issue.**
- **The relationship between the patent owner and alleged infringer, including whether or not they were competitors**
- **The significance of the patented technology in promoting sales of the alleged infringer's products and earning it profit**
- **Alternatives to the patented technology and advantages provided by the patented technology relative to the alternatives.**
- **The portion of the alleged infringer's profit that should be credited to the invention as distinguished from nonpatented features, improvements or contributions.**
- **Any other economic factor that a normally prudent businessperson would, under similar circumstances, take into consideration in negotiating the hypothetical license.**

Authority: National Patent Jury Instructions, (Final Instructions, 6.6 Reasonable Royalty—Definition).

Joint Proposed Instruction No. 22
(Election of Foreperson--Special Verdict)

Upon retiring to the jury room, you will select one of your number to act as your foreperson. The foreperson will preside over your deliberations, and will be your spokesperson here in Court. A form of special verdict has been prepared for your convenience. You will take this form to the jury room.

Authority: O'Malley, FJP&I § 106.05.

Joint Proposed Instruction No. 23
(Verdict Forms--Jury's Responsibility)

Nothing said in these instructions and nothing in any form of verdict prepared for your convenience is meant to suggest or convey in any way or manner any suggestion or hint as to what verdict I think you should find. What the verdict shall be is your sole and exclusive duty and responsibility.

Authority: O'Malley, FJP&I § 106.07.

Joint Proposed Instruction No. 24
(Communications Between Court and Jury During Jury's Deliberations)

If it becomes necessary during your deliberations to communicate with me, you may send a note by a bailiff, signed by your foreperson or by one or more members of the jury. No member of the jury should ever attempt to communicate with me by any means other than a signed writing, and I will never communicate with any member of the jury on any subject touching the merits of the case otherwise than in writing, or orally here in open court.

You will note from the oath about to be taken by the bailiffs that they too, as well as all other persons, are forbidden to communicate in any way or manner with any member of the jury on any subject touching the merits of the case.

Bear in mind also that you are never to reveal to any person -- not even to me -- how the jury stands, numerically or otherwise on the questions before you, until after you have reached a unanimous verdict.

Authority: O'Malley, FJP&I § 106.08.

ARTHREX PROPOSED VERDICT FORM

(Arthrex Proposed Submission No. 21)

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

SMITH & NEPHEW, INC.,	§	
	§	
Plaintiff.	§	**CIVIL ACTION NO. 2:07-cv-00335-TJW**
	§	
v.	§	
	§	**JURY TRIAL DEMANDED**
ARTHREX, INC.,	§	
	§	
Defendant.	§	
	§	

[ARTHREX PROPOSED] VERDICT FORM

We, the jury, unanimously agree to the answers to the following questions and return them under the instructions of this court as our verdict in this case.

QUESTION NO. l

Do you find by a preponderance of the evidence that Arthrex contributes to the infringement or, or induced the infringement of, the following claims of the patents with respect to the sales of its Retrobutton?

1.A	Claim 8 of the '588 patent:	Yes____ No___
l.B	Claim 1 of the '301 patent:	Yes ____ No ____
l.C	Claim 3 of the '301 patent:	Yes ____ No____
l.D	Claim 4 of the '301 patent:	Yes ____ No____
l.E	Claim 7 of the '301 patent:	Yes____ No____

If you answered "yes" to any part of Question 1, proceed to Question 2. If you answered "no" to every part of Question I, proceed to Question 3.

QUESTION NO. 2:

Do you find by clear and convincing evidence that such conduct, as you have found in answer to Question No. 1, was willful?

Yes_____ No _____

Proceed to Question 3.

QUESTION NO. 3:

Do you find by clear and convincing evidence that any of the following claims of the patents are invalid?

3.A	Claim 8 of the '588 patent:	Yes____ No___
3.B	Claim 1 of the '301 patent:	Yes ____ No ___
3.C	Claim 3 of the '301 patent:	Yes ____ No____
3.D	Claim 4 of the '301 patent:	Yes ____ No____
3.E	Claim 7 of the '301 patent:	Yes____ No____

With regard to claim 8 of the '588 patent, if you answered question 1.A 'yes" and question 3.A "no", you should consider the question of damages for infringement of the '588 patent. If you did not answer that way as to both questions, you should not consider or include any damages for infringement of the '588 patent.

With regard to claim 1 of the '301 patent, if you answered question 1.B 'yes" and question 3.B "no", you should consider the question of damages for infringement of claim l of the '301 patent. If you did not answer that way as to both questions, you should not consider or include any damages for infringement of claim l of the '301 patent.

With regard to claim 3 of the '301 patent, if you answered question 1.C 'yes" and question 3.C "no", you should consider the question of damages for infringement of *claim 3 of the '301 patent. If you did not answer that way as to both questions, you should not consider or include any damages for infringement of claim 3 of the '301 patent.*

With regard to claim 4 of the '301 patent, if you answered question 1.D 'yes" and question 3.D "no", you should consider the question of damages for infringement of claim 4 of the '301 patent. If you did not answer that way as to both questions, you should not consider or include any damages for infringement of claim 4 of the '301 patent.

With regard to claim 7 of the '301 patent, if you answered question 1.E 'yes" and question 3.E "no", you should consider the question of damages for infringement of claim 7 of the '301 patent. If you did not answer this way as to both questions, you should not consider or include any damages for infringement of claim 7 of the '301 patent.

QUESTION NO. 4:

What sum of money, if any, if paid now in cash, would fairly and adequately compensate Smith & Nephew for damages for infringement, if any, that you have found?

Answer in dollars and cents, if any.

Answer:________________________

You have now finished your work. DATED: _________________, 20_____

By:_____________________________________
Jury Foreperson

SMITH & NEPHEW PROPOSED VERDICT FORM

(Smith & Nephew's Proposed Submission No. 19)

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

SMITH & NEPHEW, INC., Plaintiff and Counterclaim-defendant, v. ARTHREX, INC., Defendant and Counterclaim-plaintiff.	Civil Action No. 2:07-CV-335 (TJW) SPECIAL VERDICT

[SMITH & NEPHEW PROPOSED] VERDICT FORM

We, the jury, for our special verdict, do as follows:

Question No. 1: Has Smith & Nephew proven by the preponderance of the evidence that Arthrex's RetroButton product infringes independent claim 8 of the '588 patent?

Answer:________________________
(Yes or No)

Question No. 2: Has Smith & Nephew proven by the preponderance of the evidence that Arthrex's method of using the RetroButton product infringes independent claim 1 of the '301 patent?

Answer:______________________
(Yes or No)

Answer Question No. 3 ONLY if you answered "Yes" to Question No. 2.

Question No. 3: Has Smith & Nephew proven by the preponderance of the evidence that Arthrex's method of using the RetroButton product infringes any of the following dependent claims of the '301 patent?

A. Claim 3: Answer:______________________
(Yes or No)

B. Claim 4: Answer:______________________
(Yes or No)

C. Claim 7: Answer:______________________
(Yes or No)

Answer Question No. 4 ONLY if you have answered "Yes" to any of the questions above.

Question No. 4: Has Smith & Nephew proven that Arthrex's infringement was willful?

Answer:________________________
(Yes or No)

Answer Question No. 5 regardless of your answers to Questions Nos. 1-4.

Question No. 5: Has Arthrex proven by clear and convincing evidence that the following claims of the patents are invalid?

A. Claim 8 of the ‘588 patent: Answer:________________________
(Yes or No)

B. Claim 1 of the ‘301 patent: Answer:________________________
(Yes or No)

C. Claim 3 of the ‘301 patent: Answer:________________________
(Yes or No)

D. Claim 4 of the ‘301 patent: Answer:________________________
(Yes or No)

E. Claim 7 of the ‘301 patent: Answer:________________________
(Yes or No)

If you have found at least one asserted claim infringed and not invalid, please answer the following questions:

Question No. 6: What amount of lost profits would compensate Smith & Nephew for Arthrex's infringement of the patents in suit?

Answer: $______________________

Question No. 7: What reasonable royalty will compensate Smith & Nephew for Arthrex's infringement of the patents in suit?

A. What reasonable royalty rate should be applied?

Answer: _______________________%

B. To what amount of sales should that rate be applied?

Answer: $______________________

____
Presiding Juror

Marshall, Texas
Dated this ____ day of February, 2010